

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 12350 170304Z

63

ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

CAB-05 COME-00 DOTE-00 EB-07 CIEP-02 FAA-00 OMB-01

TRSE-00 /081 W

----- 016164

R 170220Z AUG 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1616

UNCLAS TOKYO 12350

E.O. 11652: N/A

TAGS: EAIR, TECH, JA, US

SUBJECT: YX (7X7) PROJECT

REF: A. TOKYO 18034 (12/19/75), B. TOKYO 17627 (12/11/75)

1. A MAJOR STEP FORWARD WAS TAKEN RECENTLY IN TOKYO TOWARD JOINT INTERNATIONAL DEVELOPMENT OF YX (7X7) WITH UNDERSTANDING REACHED BETWEEN BOEING AND CTDC (CIVIL TRANSPORT DEVELOPMENT CORPORATION OF JAPAN) ON "BUSINESS ARRANGEMENTS" FOR JOINT UNDER-TAKING.

THIS UNDERSTANDING WILL BE REFERRED TO JAPAN'S AIRCRAFT INDUSTRY COUNCIL ON AUGUST 24 AND, IF APPROVED, AN AGREEMENT WILL BE SIGNED BETWEEN TWO SIDES. UNDER THE AGREEMENT, A TRIPARTITE DEVELOPMENT PROJECT (JAPAN, U.S. AND ITALY) WILL BE STARTED AND, IF ALL GOES WELL

,
MANUFACTURE OF THE PROTOTYPE MODEL MAY BE STARTED IN OCTOBER, 1977.

2. MAIN POINTS OF "BUSINESS ARRANGEMENTS" CALL FOR (1) REDUCING JAPAN'S SHARE OF DEVELOPMENT COST FROM ABOUT 30 PERCENT AS ORIGINALLY SCHEDULED TO ABOUT 20 PERCENT, THE LEVEL ABOUT EQUAL TO ITALY'S.

THE U.S. SHARE WILL CONSEQUENTLY BE ABOUT 60 PERCENT; (2) ASSIGNING MAIN RESPONSIBILITY FOR DEVELOPMENT TO A NEW ORGANIZATION RATHER THAN A DIVISION OF BOEING AND MAKING IT OBLIGATORY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 12350 170304Z

TO OBTAIN CONSENT OF PARTICIPATING NATIONS TO ANY IMPORTANT

DECISION INCLUDING THAT ON MODEL SPECIFICATONS.

3 ON THE CONTROVERISAL QUESTIONOF EQUIVALENCY ADJUSTMENT, AGREEMENT WAS REACHED UNDER WHICH CTDC WILL PAY THE COST OF TECHNICAL INFORMATION (TO BE SUPPLIED BY BOEING) AND A PORTION OF THE PROCEEDINGS FROM THE SALE OF NEW MODELS WILL BE USED TO PAY FOR (BOEING'S) MARKETING EXPERTISE.

4. DESPITE THE AGREEMENT, WHICH HAS BEEN FINALLY REACHED AFTER MONTHS OF HARD NEGOTIATIONS, THERE ARE STILL SOME UNCERTAINTIES AND DIFFICULTIES THAT MUST BE SURMOUNTED BEFORE THIS "ENGAGEMENT" CAN LEAD TO "MARRIAGE AND CHILDBIRTH", ACCORDING TO AN ASAHI COMMENTATOR. ONE IS WHETHER THE MINISTRY OF FINANCE IN JAPAN WILL READILY APPROVE A BUDGET FOR YX DEVELOPMENT, WHEN ANNUAL BUDGETS ARE CERTAIN TO INCREASE IN SUCCEEDING YEARS. ONLY 16 MILLION YEN HAS BEEN APPROPRIATED FOR YX DEVELOPMENT IN FISCAL 1976 BECAUSE THE FISCAL 1975 APPROPRIATION AMOUNTING TO 2,100 MILLION YEN HAD BEEN LEFT UNSPENT. JAPAN'S AIRCRAFT INDUSTRY NOW PROPOSES THAT THE FISCAL 1977 BUDGET FOR YX DEVELOPMENT BE MORE THAN 10 BILLION YEN. THERE IS ALSO UNCERTAINTY ABOUT WHETHER MANUFACTURE OF A PROTOTYPE MODEL CAN REALLT BE STARTED IN THE FALL OF 1977. THE AIRCRAFT INDUSTRY IS STILL EXPERIENCING BUSINESS SLUMP AND YET IT NEEDS ADVANCE ORDERS FOR AT LEAST ONE HUNDRED PLANES PRIOR TO STARTING HARDWARE PROTOTYPE PRODUCTION.

5. BOEING VICE PRESIDENT IN CHARGE OF YX NEGOTIATIONS IS REPORTED TO HAVE SAID YHAT SEVERALMAJOR OBSTACLES MUST BE RESOLVED BEFORE DEVELOPMENT CAN PROCEED. HE DID NOT ENUMERATE. ON OTHER HAND, A SOURCE AT NATIONAL AERONAUTUTICAL LAB INFORMED EMBOFF THAT ABOUT 100 JAPANESE ENGINEERS ARE PREPARING TO LEAVE FOR SEATTLE TO BEGIN TRAINING FOR THEIR ULTIMATE PARTICIPATION IN PROJECT.

6. ANOTHER INDICATION THAT CTDC AND BOEING FEEL CERTAIN ENOUGH THAT PROBLEMS WILL BE RESOLVED IS FOUND IN A TRADE PRESS REPORT THAT CTDC HAS BEGUN MAKING PROVISIONAL CONTRACTS WITH JAPANESE AIRFRAME MANUFACTURERS, AWARDING THEM SPECIFIC TASKS PRIOR TO JOINT DEVELOPMENT IN ORDER

UNCLASSIFIED

PAGE 03 TOKYO 12350 170304Z

TO PICK UP LOST TIME. THIS APPROACH HAS BOEING CONCURRENCE AND INVOLVEMENT. PROJECTS AWARDED SO FAR ARE:
MITSUBISHI HEAVY INDUSTRIES-- NACELLE EFFICIENCY TESTS AS
FUNCTION OF LOCATION. PREPARATION
FOR FATIGUE TESTS ON LOWER SURFACE
OF WING WERE INNER AND OUTER SECTIONS
ARE JOINED.

FUJI HEAVY INDUSTRIES-- PREPARATION FOR FAIL-SAFE TESTS ON
HORIZONTAL STABILIZER PANELS.

KAWASAKI HEAVY INDUSTRIES-- FATIGUE TESTS ON FUSELAGE OUTER
SKIN STRINGER CONNECTIONS.

SHINMEIWA INDUSTRY--DEVELOPMENT TESTS ON CABIN AIR DIFFUSERS.
NIHON HIKOKI--DEVELOPMENT TESTS ON AIR-COOLED INSTRUMENT PANELS.
CONTRACTS ARE STILL TO BE AWARDED FOR DESIGN STUDIES ON CARGO
HEATING AND ECS ENVIRONMENTAL CONTROL SYSTEMS. BOEING IS
SAID TO HAVE ASKED CTDC TO UNDERTAKE SIX MORE ADDITIONAL TASKS
BUT NEGOTIATIONS ON THESE ARE NOT YET COMPLETE.
SHOESMITH

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AEROSPACE INDUSTRY, JOINT VENTURES, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO12350
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760314-1295
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760845/aaaabmqj.tel
Line Count: 128
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 TOKYO 18034, 76 TOKYO 17627
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2004 by ReddocGW>; APPROVED <05 JAN 2005 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: YX (7X7) PROJECT
TAGS: EAIR, TECH, JA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006